

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE VERIFIED APPLICATION OF THE)	
BRANDENBURG TELEPHONE COMPANY, INC. FOR A)	
CERTIFICATE OF PUBLIC CONVENIENCE AND)	CASE NO. 93-357
NECESSITY TO CONSTRUCT A NEW HEADQUARTERS)	
FACILITY IN BRANDENBURG, KENTUCKY)	

O R D E R

On October 7, 1993, Brandenburg Telephone Company, Inc. ("Brandenburg" or the "Company") filed its application pursuant to KRS 278.020 and 807 KAR 5:002, Sections 8 and 9, for a Certificate of Public Convenience and Necessity to construct a new headquarters complex in Brandenburg, Kentucky.

Brandenburg's current headquarters building was constructed in the early 1950's and expanded once approximately 20 years ago. When this application was filed, Brandenburg employed 89 full-time, part-time, or temporary employees and served approximately 20,000 access lines. According to the Company, it requires additional operational space to accommodate this number of employees and access lines. Brandenburg asserts that its current headquarters site is not suited to economical expansion.

In its application, Brandenburg identified the site for its proposed new complex and provided specifications for the buildings it plans to construct. Brandenburg estimates the cost of the complex to be \$6.3 million.

The Commission issued information requests on November 15, 1993 and May 10, 1994. On August 16, 1994, Brandenburg requested

an informal conference to expedite, simplify, and clarify the proceeding. The conference was held on September 2, 1994. Brandenburg requested a second informal conference which was held November 1, 1994. On December 28, 1994, Brandenburg moved for a hearing which was scheduled for March 14, 1995. After a delay requested by Brandenburg, the hearing was held on May 2, 1995.

The Commission has considered all the evidence of record. The record supports Brandenburg's need for new facilities to house its staff and the equipment necessary for it to serve its customers. The proposed complex is reasonably designed to meet Brandenburg's present needs and accommodate its predicted growth for the foreseeable future. Therefore, the Commission approves, with modifications, Brandenburg's Certificate for Public Convenience and Necessity to construct an office building, warehouse, and garage. The Commission has also considered the proper accounting treatment for these projects.

ISSUES

On October 6, 1994, Brandenburg provided detailed projected costs of its proposed construction totaling \$6,336,216. The Company seeks a Certificate of Public Convenience and Necessity for this amount. The total cost is comprised of the following amounts:

1. Office Building (15,821 square feet)	\$1,410,600
2. Site Work	1,945,752
3. Garage (8,520 square feet)	337,067
4. Warehouse (11,025 square feet)	453,658
5. Architectural Fee	414,707

6. Land	240,000
7. Office Building Interior	1,119,601
8. Warehouse Interior and Equipment	207,156
9. Miscellaneous Costs	<u>207,675</u>
Total	<u>\$6,336,216</u>

These projections include a number of items which are not subject to Commission review and should not be included in the authorized construction amount. These include moving expenses, office equipment, utility costs, and items included in the building and warehouse interiors and are discussed subsequently in this order. In compliance with Federal Communications Commission ("FCC") Part 32 accounting rules ("Part 32"),¹ these costs should not be recorded in Account 32.2121, Buildings, but should conform to the requirements of Responsible Accounting Officers ("RAO") Letter 6 issued by the FCC on June 26, 1987 (Attachment I). This letter lists items to be included in each telephone plant account and was used by the Commission in its determinations in this Order.

Architectural and Engineering Fee

In preparing its application, Brandenburg relied on the R.S. Means series of construction estimating handbooks. The handbooks use a sliding scale for estimating the architectural and engineering costs associated with construction projects. For facilities comparable to Brandenburg's complex, the recognized

¹ Brandenburg is required by Commission Order, Administrative Case No. 310, Adoption of a New Uniform System of Accounts for Kentucky Telephone Companies, to maintain its financial records in accordance with Part 32.

figure is 6 percent. As Brandenburg relied on this source in general and provided no basis upon which to ignore it in this particular instance, the Commission will use 6 percent to estimate these fees.

Land and Site Preparation Costs

Brandenburg purchased 39.328 acres of land for its new headquarters complex. The Company initially estimated that only 10 acres of the tract would be necessary for its intended use.² At the hearing, the Company testified that 10 to 12 acres would be required.³ The Company defended its purchase of excess acreage on the basis that "you have to purchase more than was needed to build something because it takes more land, because you can't afford to haul fill dirt"⁴ and "you've got to buy some waste land to get 10 perfect acres."⁵ When asked about the future use of the remaining land, the Company testified that it had no immediate or long-term plans.⁶ The acreage not occupied by the buildings will be sown and seeded.⁷

Part 32 dictates the items of property to be included in each telephone plant account (See Attachment I). Under certain

² Response to Commission Order dated May 10, 1994, Question 7, page 9.

³ Transcript of Evidence ("T.E"), at 76.

⁴ Id., at 33-34.

⁵ Id., at 35-36.

⁶ Id., at 30.

⁷ Id., at 78.

circumstances, the FCC will waive its rules upon petition by a telephone company. Brandenburg has provided no evidence that it has requested a waiver from the FCC. Nor has it provided any evidence which would justify the Commission taking the highly unusual step of reaching a decision contrary to the established rules. Therefore, the Commission will not deviate from Part 32.

Part 32 includes Account 32.2006, Nonoperating Plant, which is used to record "land acquired for which there is no definite plan for use in providing telecommunications service" or "land acquired in excess of that required for telecommunications purposes." Therefore, in compliance with Part 32 and to protect Brandenburg's ratepayers, Brandenburg should record \$166,766⁸ in Account 32.2006.

Brandenburg's exhibits include expenses for Excavating and Fill of \$155,348, Demolition, Clear and Grub of \$63,500, and Compaction of \$48,590.⁹ Prorated portions of these costs in the amounts of \$107,947, \$25,400, and \$33,764, respectively, should be recorded in Account 32.2006.¹⁰ Also the overhead and profit in the amount of \$16,711, and architectural and engineering fees in the

⁸ 39.328 acres - 12.00 acres = 27.328 excess acres
27.328/39.328 = .6949
\$240,000 x .6949 = \$166,766.

⁹ (reference Exhibit) Preliminary Estimate Summary, Site Work, Sheet No. 1 Filed October 6, 1994.

¹⁰ \$155,348 - [(12/39.328) x \$155,348] = \$107,947
\$63,500 - [(12/20) x \$63,500] = \$25,400
\$48,590 - [(12/39.328) x \$48,590] = \$33,764

amount of \$18,382¹¹ should be excluded from construction costs. However, as the allowable architectural and engineering fee has been reduced from 10 to 6 percent, no more than \$27,740¹² of this amount should be recorded in Account 32.2006. Additional amounts should be borne by the shareholders. Any further improvements to the excess acreage should also be recorded in this account.

If Brandenburg needs this land to provide telecommunications service in the future, it may seek permission from the Commission to transfer any or all of these costs to Account 32.2111, Land.

Moving Expenses

Brandenburg included \$20,000 of moving expenses in the project costs. Moving expenses are not a capital item and should be treated as expenses. Normally, each relocated department should be charged a portion of the expense. However, for the sake of simplicity, the total amount should be recorded in Account 32.6728, Other General and Administrative Expense.

Office Equipment

Brandenburg included office equipment costs of \$50,000 in the project estimate. This amount should be charged to the proper telephone plant account depending on the particular type of equipment involved. For example, if computers are included, they

¹¹ $(\$107,947 + \$33,764 + \$25,400) \times (.10) = \$16,711$
 $(\$107,947 + \$33,764 + \$25,400 + \$16,711) \times (.10) = \$18,382$

¹² $\$107,947 + \$25,400 + \$33,764 = \$167,111$
 $\$167,111 \times (.10) = \$16,711$
 $(\$167,111 + \$16,711) \times (.06) = \$11,029$
 $\$16,711 + \$11,029 = \$27,740$

should be recorded in Account 32.2124, General Purpose Computers. Should any individual item in a group cost \$500 or less, its cost should be treated as an expense in accordance with part 32.2000(a)(4). For example, the cost of the 78 chairs shown in the office building detail identified as 226-4840 priced at \$295 each should be treated as an expense.

Building and Warehouse Interior

The Company included \$1,119,601 for various items in the building interior in the project estimate. Of this amount, \$545,722 should be recorded in Account 2122, Furniture; \$93,027 should be recorded in Account 2123.1, Office Equipment; and \$171 should be recorded as an expense pursuant to Part 32, paragraph 32.2000(a)(4). Attachment 2 details these reclassifications.

Of the \$207,156 estimated cost of items included in the warehouse interior, \$186,335 should be reclassified to Furniture, \$1,818 to Office Support Equipment, and \$171 to expense. Attachment 3 details these reclassifications.

Overhead and profit in the amount of \$82,724, and architectural and engineering fees in the amount of \$90,997¹³ on the items reclassified to other accounts should also be excluded from construction costs. However, based upon the reduction in

¹³ \$638,920 x (.10) = \$63,892
 \$188,324 x (.10) = \$18,832
 \$63,892 + \$18,832 = \$82,724
 \$638,920 + \$188,324 = \$827,244
 (\$827,244 + \$82,724) x (.10) = \$90,997

these fees, no more than \$137,322 should be capitalized. The remainder should be borne by the shareholders.

Utility Costs

Brandenburg included in its estimated construction costs charges of \$49,561 for gas service, \$13,842 for water service, and \$16,150 for electrical service. Service lines from the point of connection with the serving utility are not property as described in RAO Letter 6, and therefore are not plant used to provide telecommunications service. The costs of these lines should not be capitalized but treated as expenses. The associated overhead and profit in the amount of \$7,955, and architectural and engineering fees in the amount of \$8,751 should also be excluded from construction costs.¹⁴ Because of the reduction in the allowable fees, no more than \$13,206 should be treated as expense. The remainder should be borne by the shareholders.

Roadwork

Brandenburg's initial proposal specified light industrial concrete for various roads on the site. In its October 6, 1994 response to questions concerning the need for this grade of material, Brandenburg changed the specifications from light to more expensive heavy industrial concrete. At the hearing, Brandenburg was unable to justify this change, and therefore the

¹⁴ $\$79,553 \times (.10) = \$7,955$
 $(\$79,553 + \$7,955) \times (.10) = \$8,751$

Commission will exclude the additional costs of \$333,542 of this upgrade from the amount for which a certificate will be granted.¹⁵

Brandenburg's proposal also included a rear entrance into the facility from Highway 1692. Brandenburg justifies this approximately 1300 foot road as necessary to keep the Company vehicles isolated from their customers. This road appears unnecessary to provide utility service and its related costs,¹⁶ profit, and overhead will likewise be excluded.

Outstanding Motions

By motion, Brandenburg seeks relief from its obligation to respond to the Commission's May 10, 1994 Order, Item 1. That request sought certain documents supporting the construction project, including as-bid and final plans, material lists, and specifications for the headquarters building, warehouse, and garage, as well as the as-bid and final drawings for the grading, earthmoving, and road-building projects. The motion will be granted to the extent that the record contains sufficient evidence to reach the determinations in this Order. No additional information will be required at this time.

The motion also addressed Item 8 which sought two appraisals of the land. Brandenburg has provided other information concerning

¹⁵ Change in concrete sq. ft. cost from \$3.50 to \$5.17
 $\$199,726 \times (\$5.17 - \$3.50) = \$333,542$

¹⁶ $1300' \times 30' = 39,000$ sq. ft. of concrete.
 $39,000 \times \$5.17 = \$201,630$

its negotiations for the land acquisition. Accordingly, the appraisals are not necessary at this time.

SUMMARY

After considering the above adjustments and reclassifications, the Commission finds that a Certificate of Public Convenience and Necessity should be granted in the following amount:

TOTAL PROJECT SUMMARY

Site work			\$1,226,817
Garage	337,067 x (.06) +	337,067	357,291
Warehouse	453,658 x (.06) +	453,658	480,877
Office Bldg.	1,410,600 x (.06) +	1,410,600	1,495,236
Off. Bldg. Int.	416,789 x (.06) +	416,789	441,796
Land			<u>78,234</u>
		TOTAL	<u>\$4,080,251</u>

Attachment 4 reconciles the costs submitted by Brandenburg to the allowable costs discussed herein.


To assist tracking of the expenditures and verification of their correct classifications, the Company should provide detailed journal entries recording expenditures and reclassifications associated with the construction project. These entries should be provided on a monthly basis 20 days after the Company closes its books, from the time construction begins until it is completed.

IT IS THEREFORE ORDERED that Brandenburg Telephone be and it hereby is granted a Certificate of Public Convenience and Necessity to construct a headquarters facility. No more than \$4,080,251 of

its cost, as described in this Order, may be included in Brandenburg's rate base.

Done at Frankfort, Kentucky, this 3rd day of August, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

FEDERAL COMMUNICATIONS COMMISSION

WASHINGTON, D.C. 20554

June 26, 1987

IN REPLY REFER TO:

RAO Letter 6

Responsible Accounting Officers

Part 32, Uniform System of Accounts for Class A and Class B Carriers--
Item Lists

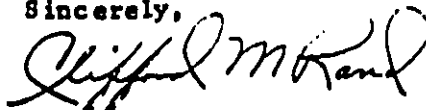
On January 15, 1987, we released RAO Letter 3 to distribute a preliminary version of the item lists for the plant accounts in Part 32. At that time we solicited comments from interested parties on the contents of the lists.

This letter is issued to distribute a revised set of item lists with only the minor modifications indicated in the margins.

This letter and the attachment are issued under Section 0.291 of the Commission's rules. Applications for review under Section 1.115 of the Commission's rules must be filed within 30 days from the date indicated above (See Section 1.4(b)(4) of the Commission's rules).

If you have any questions contact John T. Curry or Hugh L. Boyle at (202) 634-1861.

Sincerely,



Clifford M. Rand
Acting Chief
Accounting and Audits Division

Attachment

TELECOMMUNICATIONS PLANT IN SERVICE - ITEM LISTS

The following set of item lists has been prepared by the Accounting Systems Branch to facilitate classification of items of property and equipment under Part 32, Uniform System of Accounts and Reports for Class A and Class B Telephone Companies. The lists are not to be considered as comprising all the items includible in the accounts, but merely as representative of them. On the other hand, inasmuch as the same item frequently appears in more than one list, the appearance of an item in a list warrants the inclusion of such item in the account concerned only when the text of the account also indicates inclusion. The proper classification in each instance must be determined by the text of the account and the actual usage of the equipment.

32.2110 Land and Support Assets (Class B Companies only)

Includes items of the types required of Class A Companies in
Accounts 2111 through 2124

32.2111 Land

Assessments for the construction of public improvements
Commissions and fees to brokers, agents and others
Condemnation proceedings, including court costs and special
outside counsel fees
Conveyances and notary fees
Examinations and registrations of titles by outside legal counsel
Grading or land not in connection with buildings
Relocating property of others in acquisition of land
Sidewalks on public streets abutting the company's property
Taxes assumed, accrued prior to date of acquisition
Taxes on land during the period of construction
(Note also Section 32.2000(c) Cost of Construction)
Voiding leases to secure possession of land acquired

32.2112 Motor Vehicles

Automobiles
Tractor trailers
Trucks
Vans
Buses

32.2113 Aircraft

Helicopters
Jet powered airplanes
Propeller powered airplanes

32.2114 Special Purpose Vehicles

Boats and barges
Motor scooters
Snowmobiles

32.2116 Other Work Equipment (cont.)

Torches
Tractors
Trailers, special purpose
Trenching machines

32.2121 Buildings

Antenna supports on buildings
Antenna towers, large self supporting
Awnings
Boilers, furnaces, fixtures, and machinery for heating, lighting,
ventilating, and plumbing
Cable vaults and conduits constructed as part of the building
Central air conditioning systems
Central dehumidifying systems
Commissions and fees to brokers, agents, architects, and others
Doors, including frames, hardware, screens, checks and stops
Drainage and sewerage systems
Electrical wiring
Elevators
Escalators
Fences
Fire alarm systems
Fire extinguishing systems
Floor coverings
Garages and shops
General and switching office buildings
Grading, excavating, and preparing grounds for buildings,
including laying out of grounds after construction
Motors and generators
Piers and foundations for machinery constructed as permanent
part of a building
Platforms, storage or loading
Power boards
Raised flooring to conceal cabling
Refrigeration systems
Retaining walls
Sheds and huts
Sidewalks, pavements, and driveways on building grounds
Signs
Sprinkling systems
Voiding leases to secure possession of buildings acquired
Water, steam, and gas pipes
Water-supply systems
Windows, including screens

32.2122 Furniture

Antiques
Artworks (e.g., paintings, prints, photographs, sculpture,
statuary, tapestries, wall hangings, and woodcuts)
Beds, cots and couches
Bookcases
Cabinets and filing cases
Chairs
Credenzas
Desks
Lamps
Lockers and wardrobes, movable
Modular furniture units
Partitions, movable
Pianos and phonographs
Refrigerators, movable
Rugs
Sofas
Stoves
Tables

32.2123 Office Equipment

32.2123.1 Office Support Equipment

Addressing machines
Air conditioning units, portable
Audio/visual equipment
Billing/posting machines
Blueprinting machines
Calculators
Cameras
Cash registers
Check writers
Copier machines
Dehumidifying units, portable
Dictating equipment
Display and lecture demonstration kits
Fans - electric portable
Fire extinguisher equipment, portable
Floor scrubbing and polishing machines
Medical equipment
Microfilm equipment
Postage meter machines

32.2123.1 Office Support Equipment (cont.)

Radios
Sates
Television sets and audio/visual monitors
Typewriters
Vacuum cleaners
Vending machines
Water coolers, portable

32.2123.2 Company Communications Equipment

Data sets and modems (external) including the inside wiring
Desk sets, hand sets, wall sets, and combined sets including the associated inside wiring. This excludes sets when used as part of a private branch exchange or key system intrasystem
Distributing frames
Facsimile equipment, including associated inside wiring
Fiber optic distribution systems
Multiple manual switchboards
Operators' headsets and transmitters
Power equipment, including special foundations
Printer-teletype equipment including associated inside wiring
Private branch exchange, including common equipment (power equipment, a switchboard or switching equipment shared by all stations), station equipment (usually telephones or key telephone systems), and wires connecting the common equipment and the station equipment plus the terminal boxes or cross connector points, and the cable or wires that connect the private branch exchange with the network interface
Station switching and signaling devices in large installations, such as key systems, including relay rack equipment, apparatus cabinets, key cabinets, key boxes, telephone sets and wires connecting the common equipment and the telephone sets plus the terminal boxes or cross connector points, and the cable or wires that connect the key system with the network interface
Switching equipment at switching or relay centers of teletypewriter systems
Teletypewriters, including associated inside wiring
Terminals, keyboards, CRTs, video display terminals.

32.2124 General Purpose Computers

Assemblers

Card read/punch

Computers - personal type, used in offices as a replacement of general office administrative activities such as report generation, statistical compilation etc.

Control consoles

Central processing units

Disk drives

Initial operating system software for computers classified to this account

Input/output devices

Memory units

Modems

Optical scanners

Plug-in units

Power equipment (e.g., busbars, generators, engines, chargers, and storage batteries)

Printers

Tape drives

Terminals, keyboards, CRTs, video display terminals

32.2210 Central Office-Switching (Class B Companies only)

Includes items of the types required of Class A Companies in Accounts 2211 through 2215

32.2211 Analog Electronic Switching

Automatic message recording equipment

Call store equipment

Central processors including initial operating system software for computers classified to this account

Control consoles

Disk drives and controllers

Frames, distributing, protector, switching, trunk

Furniture designed specifically for use with central office equipment and equipped with such equipment classified to Account 2211 or installed as part of the electrical equipment therein

Input/output devices including teletypewriters, display and alarm units and memory card writers

Jumper wire, initial installation

32.2211 Analog Electronic Switching (cont.)

Junction circuits
Line scanners
Multi-Frequency (MF) receivers and transmitters
Permits, privileges, and rights of way for installation of
externally mounted central office equipment (Note also
Section 32.2000(c)(2)(vii) and Section 32.2111(h).)
Plug-in units (e.g., board, card, pack, circuit pack,
microcoded pack)
Power equipment (e.g. busbars, generators, engines, chargers,
and storage batteries)
Processor peripheral interface units
Program store equipment
Signal processors
Tape drives and controllers
Test equipment, hardwired or specifically designed and dedicated
for use with a particular major switching system or component
(Test equipment and tools which cost less than \$200 or have a
life of less than one year and which otherwise would be
considered to be classifiable to this account may be treated as
plant classifiable to Account 2116 and, as provided in Section
32.2000(a)(4), charged to the applicable Plant Specific
Operating Expense account for Analog Electronic Switching
(Account 6211).)
Trunk link network
Trunk scanners
Trunk switch buildout frames

32.2212 Digital Electronic Switching

Automatic message recording equipment
Call store equipment
Central control and processing equipment including initial
operating system software for computers classified to
this account
Controllers (e.g., central message, input/output, line group,
peripheral unit)
Direct memory access units
Frames, distributing, protector, switching, trunk
Furniture designed specifically for use with central office
equipment and equipped with such equipment classified
to Account 2212 or installed as part of the electrical
equipment therein
Input/output devices including disk and tape drives, display
and alarm units

32.2212 Digital Electronic Switching (cont.)

Jumper wire, initial installation
Junction equipment
Line concentrating module
Line unit
Maintenance and administration position
Message link
Network module
Peripheral module equipment (e.g., line modules, trunk modules, switch modules)
Permits, privileges, and rights of way for installation of externally mounted central office equipment. (Note also Section 32.2000(c)(2)(vii) and Section 32.2111(h).)
Plug-in units (e.g., board, card, pack, circuit pack, microcoded pack)
Power equipment (e.g. busbars, generators, engines, chargers, and storage batteries)
Remote line equipment
Speech link, network and peripheral
Test equipment, hardwired or specifically designed and dedicated for use with a particular major switching system or component (Test equipment and tools which cost less than \$200 or have a life of less than one year and which otherwise would be considered to be classifiable to this account may be treated as plant classifiable to Account 2116 and, as provided in Section 32.2000(a)(4), charged to the applicable Plant Specific Operating Expense account for Digital Electronic Switching (Account 6212).)
Time multiplex equipment
Visual display unit

32.2215 Electro-Mechanical Switching

32.2215.1 Step-by-Step Switching

Announcement equipment - all circuits busy
Automatic message recording equipment
Basic switching train
Call registers
Call reverting equipment
Connectors
Dial trunk equipment
Frames, distributing, protector

32.2215.1 Step-by-Step Switching (cont.)

Furniture designed specifically for use with central office equipment and equipped with such equipment classified to Account 2215.1 or installed as part of the electrical equipment therein	1
Initial operating system software for computers classified to this account	1
Jumper wires, initial installation	1
Line finders	1
Power equipment (e.g. busbars, generators, engines, chargers, and storage batteries)	
Register cabinets	
Relays	
Relay and coil racks	
Selectors	
Test equipment, hardwired or specifically designed and dedicated for use with a particular major switching system or component (Test equipment and tools which cost less than \$200 or have a life of less than one year and which otherwise would be considered to be classifiable to this account may be treated as plant classifiable to Account 2116 and, as provided in Section 32.2000(a)(4), charged to the applicable Plant Specific Operating Expense account for Step-by-Step Switching (Account 6215.1).)	1
Toll connecting trunk equipment	1
Traffic load counting equipment	1
Switching frames	1

32.2215.2 Crossbar Switching

Announcement equipment - all circuits busy	
Automatic message recording equipment	1
Call registers	1
Call reverting equipment	1
Electronic translator system equipment used for switching	1
Frames, distributing, protector	1
Furniture designed specifically for use with central office equipment and equipped with such equipment classified to Account 2215.2 or installed as part of the equipment therein	1
Initial operating system software for computers classified to this account	1
Jumper wires, initial installation	
Key indicator equipment	

32.2215.2 Crossbar Switching (cont.)

- Link equipment
- Markers
- Number group equipment
- Originating and terminating senders
- Power equipment (e.g. busbars, generators, engines, interrupters, and storage batteries)
- Register cabinets
- Relays
- Relay and coil racks
- Terminating senders used for toll completion
- Test equipment, hardwired or specifically designed and dedicated for use with a particular major switching system or component (Test equipment or tools which cost less than \$200 or have a life of less than one year and which otherwise would be considered to be classifiable to this account may be treated as plant classifiable to Account 2116 and, as provided in Section 32.2000(a)(4), charged to the applicable Plant Specific Operating Expense account for Crossbar Switching (Account 6215.2).)
- Toll connecting trunk equipment
- Traffic load counting equipment
- Translators
- Switching frames

32.2215.3 Other Electro-Mechanical Switching

- Announcement equipment - all circuits busy
- Automatic message recording equipment
- Basic switching train
- Call registers
- Call reverting equipment
- Dial trunk equipment
- Electronic translator system equipment used for switching
- Furniture designed specifically for use with central office equipment and equipped with such equipment classified to Account 2215.3 or installed as part of the electrical equipment therein
- Initial operating system software for computers classified to this account
- Jumper wires, initial installation
- Key indicator equipment
- Line finders
- Link equipment

32.2215.3 Other Electro-Mechanical Switching (cont.)

Markers

Number group equipment

Originating and terminating senders

Power equipment (e.g. busbars, generators, engines, chargers,
and storage batteries)

Register cabinets

Relays

Relay and coil racks

Selectors

Terminating senders used for toll completion

Test equipment, hardwired or specifically designed and dedicated
for use with a particular major switching system or component
(Test equipment and tools which cost less than \$200 or have a
life of less than one year and which otherwise would be
considered to be classifiable to this account may be treated as
plant classifiable to Account 2116 and, as provided in Section
32.2000(a)(4), charged to the applicable Plant Specific
Operating Expense account for Other Electro-Mechanical
Switching (Account 6215.3).)

Toll completing trains

Toll connecting trunk equipment

Traffic load counting equipment

Translators

Switching frames

32.2220 Operator Systems

Announcement equipment

Conference calling equipment

Cordboards

Directory assistance positions

Frames, distributing, protector

Furniture designed specifically for use with central office
equipment and equipped with such equipment classified
to Account 2220 or installed as part of the electrical
equipment therein

Initial operating system software for computers classified
to this account

Intercept equipment

Power equipment (e.g., busbars, generators, engines, chargers,
and storage batteries)

Rate and route equipment

Switchboards

32.2220 Operator Systems (cont.)

Test equipment, hardwired or specifically designed and dedicated for use with a particular major operator system or component (Test equipment and tools which cost less than \$200 or have a life of less than one year and which otherwise would be considered to be classifiable to this account may be treated as plant classifiable to Account 2116 and, as provided in Section 32.2000(a)(4), charged to the applicable Plant Specific Operating Expense account for Operator Systems (Account 6220).)

Time and charge quotation equipment
Traffic service position systems

32.2230 Central Office-Transmission (Class B Companies only)

Includes items of the types required of Class A Companies in Accounts 2231 and 2232

32.2231 Radio Systems

32.2231.1 Satellite and Earth Station Facilities

Antenna systems

Base band equipment

Converters

Furniture designed specifically for use with central office equipment and equipped with such equipment classified to Account 2231.1 or installed as part of the electrical equipment therein

High Power Amplifiers (HPA)

Initial operating system software for computers classified to this account

Low noise amplifiers

Receivers

Satellites

Satellite launch insurance premiums

Special costs incurred in procuring launch insurance

32.2231.1 Satellite and Earth Station Facilities (cont.)

Test equipment, hardwired or specifically designed and dedicated for use with a particular major satellite or earth station system or component (Test equipment and tools which cost less than \$200 or have a life of less than one year and which otherwise would be considered to be classifiable to this account may be treated as plant classifiable to Account 2116 and, as provided in Section 32.2000(a)(4), charged to the applicable Plant Specific Operating Expense account for Satellite and Earth Station Facilities (Account 6231).)

Transceivers

Transmitters

32.2231.2 Other Radio Facilities

Amplifiers

Antennae

Antenna lead-ins

Combiners

Control Apparatus

Furniture designed specifically for use with central office equipment and equipped with such equipment classified to Account 2231.2 or installed as part of the electrical equipment therein

Frames, distributing, protector

Frames, maintenance, test, line supervision, data and radio

Frequency Modulation (FM) terminals

Initial operating system software for computers classified to this account

Intermediate Frequency (IF) patch bays

Permits, privileges, and rights of way for installation of externally mounted radio facilities (Note also Section 32.2000(c)(2)(vii) and Section 32.1111(h).)

Power equipment (e.g., busbars, generators, engines, chargers, and storage batteries

Radio frequency amplifiers

Receivers

32.2231.2 Other Radio Facilities (cont.)

Test equipment, hardwired or specifically designed and dedicated for use with a particular major radio system or component (Test equipment and tools which cost less than \$200 or have a life of less than one year and which otherwise would be considered to be classifiable to this account may be treated as plant classifiable to Account 2116 and, as provided in Section 32.2000(a)(4), charged to the applicable Plant Specific Operating Expense account for Other Radio Facilities (Account 6231).)

Transceivers
Transmitters
Waveguides

32.2232 Circuit Equipment

Cabinets, apparatus
Cabinets, remote terminal
Carrier and voice frequency patch bays
Carrier group, supergroup, and mastergroup connectors
Carrier terminal equipment - group, supergroup, mastergroup, jumbogroup, and multimastergroup translator
Channel banks
Channel bank equipment
Channel units
Charger racks - 130 volt
Common channel interoffice signaling terminal equipment
Concentrators
Converters, analog-to-digital
Desks, repair, test
Digital access cross-connect system
Digital interface frame
Echo cancelers
Echo suppressors
Equalizers
Frames, distributing, protector
Furniture designed specifically for use with central office equipment and equipped with such equipment classified to Account 2232 or installed as part of the electrical equipment therein
Initial operating system software for computers classified to this account
Lightwave terminating multiplex assemblies
Line matching transformers

32.2232 Circuit Equipment (cont.)

Line repeaters

Line signaling equipment such as duplex (DX) signaling units,
multifrequency (MF) transmitter and receiver units, and
single-frequency (SF) signaling units

Metallic facility terminals

Modems

Modules

Multiplex equipment

Muldems

Plug-in units (e.g., printed wiring board, circuit card,
pack, circuit pack, microcoded pack)

Permits, privileges, and rights of way for installation of
externally mounted circuit equipment (Note also Section
32.2000(c)(2)(vii) and Section 32.1111(h).)

Power equipment (e.g. busbars, generators, engines, interrupters,
and storage batteries)

Program transmission audio and video amplifiers

Range or loop extenders

Signal distributors

Signal processors

Signal transfer points

Subscriber loop carrier equipment (central office terminal,
remote terminal)

Test boards

Terminating sets (4-wire)

Test equipment, hardwired or specifically designed and dedicated
for use with a particular major circuit equipment system or
component (Test equipment and tools which cost less than \$2001
or have a life of less than one year and which otherwise would
be considered to be classifiable to this account may be treated
as plant classifiable to Account 2116 and, as provided in
Section 32.2000(a)(4), charged to the applicable Plant Specific
Operating Expense account for Circuit Equipment (Account 6232).)

Transmultiplexers

Voice frequency link equipment

Voice-grade amplifiers (e.g., E & V type)

32.2310 Information Origination/Termination (Class B Companies only)

Includes items of the types required of Class A Companies in
Accounts 2311 through 2362

32.2311 Station Apparatus

32.2321 Customer Premises Wiring

32.2341 Large Private Branch Exchanges

32.2351 Public Telephone Terminal Equipment

Enclosures - complete installation with or without booth,
directory hangers and shelves, shield and public telephone
signs

Mountings (pedestal, post or wall) - complete installation
with or without a base plate

Directory stands and shelves (in proximity to public telephones)
- complete installation with or without directory hangers

Premises wiring installed for use with the public telephones

Telephone sets - complete item (coin-operated, credit card; and
universal coin)

32.2362 Other Terminal Equipment

32.2410 Cable and Wire Facilities (Class B Companies only)

Includes items of the types required of Class A Companies in
Accounts 2411 through 2441

32.2411 Poles

A and H fixtures

Anchors

Arms - cable, extension, guard and crossarms

Auxiliary framework for towers

Bolts

Braces - pole, back, crossarm

Brackets, wooden pole

Bridge fixtures

Guy clamps, shields, wire or strand

Path surveys

Permits, privileges, and rights of way for construction (Note
also Section 32.2000(c)(2)(vii) and Section 32.2111(b).)

32.2411 Poles (cont.)

Pins
Poles and pole steps
Strain insulators
Stubs - guy or pole
Supports - radio antennae, such as wood poles or wood pole towers
Treating and marking poles
Towers -aluminum, wood or steel; guyed and free standing

32.2421 Aerial Cable

Air dryers
Bonds and grounds
Cable
Cable clamps, clips, rings, straps, and guards
Cable terminals or boxes, including cross-connection boxes,
pole seats, balconies and platforms
Closure and splice cases
Compressor-dehydrators
Cross-connection wires and fuses installed in the first equipment
for service of cable terminals or boxes.
Fuse boxes
Loading coils, building-out condensers, carrier-line filters, and
cases therefor
Mainframe-terminating cable extending to outside cable
Negative returns
Permits and privileges for construction (Note also
Section 32.2000(c)(2)(vii).)
Pressure contractor-terminals, manifolds and transducers
including initial pressurization of cable
Protectors (including drop and block) and arresters
Sleeves
Strand, suspension
Tree guards
Wire, drop and block (served by aerial cable or aerial wire)

32.2422 Underground Cable

Air dryers
Bonds and grounds
Cable
Cable terminals or boxes
Closure and splice cases
Compressor-dehydrators

32.2422 Underground Cable (cont.)

Cross-connection wires and fuses installed in the first equipment for service of cable terminals or boxes

Fuse boxes

Loading coils, building-out condensers, carrier-line filters, and cases therefor

Mainframe-terminating cable extending to outside cable

Negative returns

Permits and privileges for construction (Note also Section 32.2000(c)(2)(vii).)

Pressure contractor-terminals, manifolds and transducers, including initial pressurization of cable

Protectors and arresters

Pumping out and cleaning manholes and ducts in underground cable construction work (See also Note A to this account)

Sleeves

Splicing boxes

32.2423 Buried Cable

Air dryers

Cable

Cable terminals or boxes

Closure and splice cases

Compressor-dehydrators

Cross-connection wires and fuses installed in the first equipment for service of cable terminals or boxes

Loading coils, building-out condensers, carrier-line filters, and cases therefor

Mainframe-terminating cable extending to outside cable

Negative returns

Pedestals

Permits, privileges, and rights of way for construction (Note also Section 32.2000(c)(2)(vii) and Section 32.2111(b).)

Pressure contractor-terminals, manifolds and transducers, including initial pressurization of cable

Protective coverings for buried cable, unless such covering is reusable in place

Protectors (including drop and block) and arresters

Pumping out and cleaning manholes in buried cable construction work (See also Note to this account)

Sleeves

Splicing boxes

Wire, drop and block (served by buried or underground cable)

Wire when buried and used as a part of the general distribution system

32.2424 Submarine Cable

Air dryers
Cable
Cable terminals or boxes
Compressor-dehydrators
Loading coils, building-out condensers, carrier-line filters,
and cases therefor
Permits, privileges, and rights of way for construction (Note
also Section 32.2000(c)(2)(vii) and Section 32.2111(h).)
Pressure contractor-terminals, manifolds and transducers,
including initial pressurization of cable
Protectors and arresters
Sleeves
Terminal huts

32.2425 Deep Sea Cable

Armor protector
Cable
Couplings for repeaters and branching units
Permits, privileges, and rights of way for construction (Note
also Section 32.2000(c)(2)(vii) and Section 32.2111(h).)
Undersea splice boxes

32.2426 Intrabuilding Network Cable

Bonds and grounds
Cable
Cable clamps, clips, rings, straps, shields, and guards
Cable terminals and boxes
Closure and splice cases
Cross-connection wires and fuses installed in the first
equipment for service of cable terminals or boxes
Floor terminal boxes and cross-connection boxes at wall outlets
which are used to terminate intrabuilding network cable
Fuse boxes
Pedestals
Permits, privileges, and rights of way for construction (Note
also Section 32.2000(c)(2)(vii) and Section 32.2111(h).)
Protectors and arresters
Pumping out and cleaning manholes in intrabuilding network
cable construction work (See also Section 32.2426(b))
Sleeves
Strand, suspension
Tree guards

32.2431 Aerial Wire

Bare line wire
Bridle rings
Bridle wire
Ground wire, clamps and rods
Insulators and thimbles
Loading coils, building-out condensers, carrier-line filters, and cases therefor
Permits and privileges for construction (Note also Section 32.2000(c)(2)(vii))
Repeating coils
Tie wires
Transposition brackets
Urban and rural distribution wire

32.2441 Conduit Systems

Manholes and functionally equivalent underground structures, handholes and service boxes, including the cost of cable racks and other furnishings thereof
Permits, privileges, and rights of way for construction (Note also Section 32.2000(c)(2)(vii) and Section 32.2411(b).)
Tile, pipe and other conduit material

32.2680 Amortizable Tangibles (Class B Accounts only)

Includes items of the types required of Class A Companies in Accounts 2681 and 2682

32.2681 Capital Leases

32.2682 Leasehold Improvements

32.2690 Intangibles

Amounts paid for legal services
Amounts paid to municipalities or other governmental agencies as a condition precedent to engaging in business
Amounts paid for privileges of incorporation
Cost of advertising in procuring franchises
Franchises acquired by assignment
Office expenses incident to organizing the company
Special counsel and other fees and expenses in mergers, consolidations and reorganizations

Distribution of Building Interior
Items based on Part 32 Accounting

Attachment 2

		Building	← Other →				Total
			Furniture	Office Support	Other Expense	Profit & Overhead	
Building Interior	1,119,601						
Glass & Wood Walls		113,227					
Custom Mill Work			45,848				
Doors		7,995					
Firedoor		3,575					
Wall Covering		42,954					
Shelving			32,035				
Drive Up		8,950					
Audio Marking System				10,283			
Projection Screen				1,695			
Cabinets (Base/Support /Top)			5,907				
Range			645				
Microwave					171		
Dishwasher			500				
Refrigerator			558				
Fire Extinguisher Cabinets				1,716			
Fire Extinguishers				1,920			
Office Equipment (Maybe some computers)				35,281			
Security Equipment		11,074					
Night Deposit		8,610					
Carpet		89,648					
Drapery		53,118					
Furniture			460,229				
Accessories				18,000			
Pedestal Floors		39,748					
Pneumatic Tube System				21,900			
Sound System				2,232			
		378,899	545,722	93,027	171	101,782	1,119,601

Distribution of Warehouse Interior
Items based on Part 32 Accounting

Attachment 3

		Building	← Other →				Total
			Furniture	Office Expense	Other Expense	Profit & Overhead	
Warehouse Interior	207,156						
Lockers			4,992				
Shelving			166,380				
Base/ Upper/ Top Cabinets			5,390				
Range			645				
Microwave					171		
Dishwasher			500				
Refrigerator			555				
Fire Extinguisher Cabinets				858			
Fire Extinguishers				960			
Seating			3,540				
Table Bases			378				
Table Tops			880				
Sofa			3,075				
		0	186,335	1,818	171	18,832	207,156

Brandenburg Telephone Company
Cost Reconciliation
Case No. 93-357

	<u>Company proposed including profit/ overhead</u>	<u>Adjustments</u>	<u>Allowable Architects Fee</u>	<u>Total Allowable Costs</u>
1) Office Building	\$1,410,600	\$ -	\$84,636	\$1,495,236
2) Site Work	1,945,752	< 788,376>	69,441	1,226,817
3) Garage	337,067	-	20,224	357,291
4) Warehouse	453,658	-	27,219	480,877
5) Architects Fee (for items 1-4)	414,707	< 414,707>	-	0
6) Land	240,000	< 166,766>	-	73,234
7) Office Building Interior	1,119,601	< 702,812>	25,007	441,796
8) Warehouse Interior and Equipment	207,156	< 207,156>	-	0
9) Architects Fee (for items 7 & 8)	132,675	< 132,675>	-	0
10) Moving	20,000	< 20,000>	-	0
11) New Office Equipment	50,000	< 50,000>	-	0
12) Legal Fees	5,000	0	0	5,000
 Total	 <u>\$6,336,216</u>	 <u><\$2,482,492></u>	 <u>\$226,527</u>	 <u>\$4,080,251</u>